



**Grow Wellington**

Working for business success

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# **STATEMENT OF INTENT**

Connect Inspire Facilitate

**2011/2012**

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## Grow Wellington's Role and Objectives

The Wellington Regional Strategy (WRS) developed in 2007 provides a vision for making greater Wellington 'internationally competitive'. Grow Wellington's role is to help deliver this strategy by investing in growing the regional economy, especially its exports, to create a region that is entrepreneurial, innovative, connected and prosperous.

Our approach to economic development is based on identifying where interventions are required to facilitate growth, and to make the appropriate investment in these areas. Our investment decisions are based on strategic value to the regional economy, and fit with our role of 'connecting, inspiring and facilitating.'

Grow Wellington utilises a prioritisation tool that has been developed to analyse the opportunities and consider their strategic value. This analysis includes consideration of economic trends. Grow Wellington prepares a regional outlook report every 6 months which reports economic trends. The economic trends and analysis is maintained at a level that is considered appropriate for Grow Wellington needs.

Because we believe a long term goal is needed for sustainable growth, Grow Wellington, through our Centres of Excellence programme, has identified and is investing in three specific sectors we believe have the potential to radically transform our regional economy over the next 10 - 20 years. These sectors are biomedical and life sciences, clean technology, and screen and digital technologies. Our role is to bring together the individual businesses, tertiary education, research institutes, investment, infrastructure and central and local government, to develop and commercialise leading edge technologies.

Grow Wellington has identified five other sectors in the region that have high potential for growth – primary, manufacturing, food and beverage, education, and film. We will continue to facilitate strategic initiatives in these sectors that will deliver economic benefits throughout the region.

Our Business Growth programme is focused on inspiring and supporting smart business ideas that enhance the region's competitive advantage. We connect businesses with the people, tools, and knowledge they need to build capability and fulfil their potential. While our primary focus is on high growth export oriented businesses, we are also increasing our resources in line with a strengthened focus on ensuring that every business in the region that wants to grow is connected to the appropriate support – whether it is capital, skills, global connections or other forms of assistance. We work closely with other business services providers in order to facilitate these connections.

An exciting opportunity exists for us in 2012 to connect with selected international visitors to New Zealand for the Rugby World Cup. These visitors will be business focused individuals to whom we can showcase Wellington as an intelligent region in which to do business, and Wellington companies as ideal partners. The aim is to help source markets, investment and skills for the region's high-growth businesses.

This Statement of Intent builds on the work that Grow Wellington has undertaken over the past three years and sets out the nature and scope of the activities we intend to undertake during the next three years to support the high growth export oriented businesses that will be the driving force for economic growth in our region. It also sets out the financial and governance arrangements of our business and the performance targets which will enable us to accurately appraise our impact and its success.

This Statement of Intent reflects the Grow Wellington group which includes Creative HQ Ltd. Creative HQ Ltd is an integral part of the overall Grow Wellington strategy, as it provides intense business growth support through incubation for high growth export oriented businesses.



## The Wellington Regional Strategy and Grow Wellington

The WRS identifies a number of activities and partnerships which will support business and export growth and drive the region's success. The following diagram sets out how Grow Wellington contributes.



## Building an Excellent Economic Development Organisation

Grow Wellington has 36 staff. We have a budget of \$6.5 million for the 20011/12 financial year. Grow Wellington receives an income from a regional rate and actively pursues other sources of income to broaden revenue streams in line with the Wellington Regional Strategy.

The regional rate represents 65% of Grow Wellington's budget.

We support and grow the region's economy by working in trusted partnerships with others such as the region's local authorities, central government agencies, business organisations and business services providers, tertiary institutions, Crown Research Institutes, the region's businesses, and others who share the goals of the Wellington Regional Strategy.

### Mission, Vision and Values

Our mission is intelligent support for inspirational businesses that grow Wellington.

Our vision is inspiring world changing businesses in the Wellington region.

Our values are knowledge, integrity, passion.

### Organisational Health and Capability

#### Grow Wellington is committed to being a Good Employer

*Leadership, Accountability and Culture:* we strive to maintain good engagement processes with our employees and provide opportunities for them to participate in decisions.

*Flexibility and Work Design:* we strive to maintain flexible work practices to accommodate staff employment requirements.

#### Grow Wellington is committed to fulfilling its Social and Environmental Responsibility

We strive to maintain awareness of socially and environmentally responsible practices and to continue to act in accordance with these.

#### Grow Wellington is committed to Sound Business Practices

We have established six outcome oriented processes to ensure excellence in assessing leadership, strategic planning, client focus, knowledge management, process management and business results. These processes are:

- staff workplace preference profiling
- Board strategy planning
- internal business planning
- client prioritisation
- annual survey of clients and stakeholders
- reviewing and developing staff performance

We strive to ensure these processes are robust and that we continue to deliver excellent results.

## Nature and Scope of Activities

### Activities and Measurement

Many Grow Wellington projects are long term. The activities described in the Statement of Intent reflect steps towards the long term vision of inspiring world changing businesses in the region to fulfil their potential. Grow Wellington wants to ensure there is a strong regional economy that supports innovative business.

All activities are based on the approach of connecting, inspiring and facilitating. This means Grow Wellington will facilitate partnerships and utilise connections to ensure projects are delivered. This will be done on a project by project basis and will include partnerships such as sister city relationships when necessary.

Grow Wellington's role will change during the course of projects, ranging from leadership to support.

Measurements below reflect the most appropriate way to indicate short term delivery for a long term project.

The connections between activities and the long term vision are detailed.

The activity is listed, the reason for the activity is given, then the most appropriate short term measure is given for each activity.

### Centres of Excellence

The Wellington region has three specialist fields of work with the potential to be renowned for their cutting edge innovation - biotechnology and life sciences, clean technology, and screen and digital technologies. Grow Wellington is leading the development of these into world class Centres of Excellence.

### WRS Outcome Contribution

Growing Centres of Excellence is a specific objective of the WRS. The Centres will contribute to the development and growth of new and existing businesses, an increase in exportable products and services, and regional economic growth.

### Goal for Centres of Excellence

The goal for each Centre of Excellence is to be a \$1 billion plus high growth industry over 10-20 years in net economic benefit (using MED's standard net economic benefit approach based on industry/business turnover, staff employed and direct investment).

The Centres of Excellence goal will be delivered by the region successfully developing a business community based on the highest quality research, education and international connections. This will require the appropriate level of investment and infrastructure.

The Centres of Excellence activities described below are the activities that have been identified to achieve the most effective short term successes that will contribute to the long term goals. For each of the three industries the short term activities vary, however the long term vision is consistent.



## Biotech and Life Sciences Activities

- *Secure commercialisation space for Health, Education, Research and Collaborative Centre (HERCC)<sup>1</sup>* - this will enable the research, education and business parties to have a physical space to work together and develop a sustainable industry. The research and education space is already in place.
- *Employ HERCC manager* - the manager will connect and coordinate the parties to ensure that the Centre of Excellence long term vision is followed, as the parties focus on their short term needs.
- *Recruit business to the HERCC* - the HERCC currently has research and education participants. The next phase is to generate strong export-based companies to the centre to build a sustainable industry.

## Clean Technology Activities

- *Establish clean tech fund* - the Clean Tech Centre of Excellence will be based on the creation of early stage businesses that evolve from domestically developed and internationally sourced technologies. A key need and motivator for the entrepreneurs is access to early stage investment.
- *Attract further business to Clean Tech Centre* - the Clean Tech Centre has been established but requires increased numbers of strong export-based companies to achieve global relevance. The target is to attract businesses nationally however their origin is less important than the need to create a sustainable industry. The Clean Tech Centre is an incubation model which will allow businesses to grow through working together.
- *Develop fundable business case for marine testing centre* - a key element of the Clean Tech Centre of Excellence strategy is the development of marine energy technologies. The first step is a testing centre.

## Screen and Digital Activities

- *Establish a co-working space for emerging screen and digital businesses and independent workers* – a co-working space will facilitate collaboration. A critical step in building a sustainable industry is the support of start up businesses.
- *Continue to deliver AnimFX* - the digital sector is dynamic. It is essential that there is a structured vehicle for local businesses to meet with global experts, to develop both sales and knowledge. AnimFX serves to facilitate learnings about trends in the rapidly changing digital media industry, and connect local businesses with leading national and international industry executives.
- *Assist with the development of a funding proposal for a School of Computer Graphics at Victoria University* - the long term sustainability of a regional industry will require a constant flow of well educated, industry ready personnel.
- *Develop a strategy for the retention/increase of international television activity in the region* - the digital industry in Wellington currently has a strong reliance on the Film sector, which is very cyclical. This limits the ability to build capability. Television activity will overcome this limitation.

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<sup>1</sup> A space at Capital Coast District Health Board has been dedicated to the collaboration of New Zealand's internationally recognised researchers and educators from public hospitals, research institutes, CRI's, universities and private enterprise, with a vision of making world changing discoveries and implementing these discoveries globally.

## Centres of Excellence - the Next Three Years

Activities	Measures		
	2011/12	2012/13	2013/14
<b>Biotech and Life Sciences</b>			
Secure commercialisation space for the Health Education and Research Collaborative Centre (HERCC).	Commercialisation space is secured.	Commercialisation space is financially independent (does not require Grow Wellington financial support).	Commercialisation space is financially independent (does not require Grow Wellington financial support).
Employ HERC Centre Manager.	Centre Manager is employed.	Manager expands industry connections beyond HERCC into the full Wellington region.	Manager increases level of industry connections beyond HERCC into the full Wellington region.
Recruit businesses to the HERCC.	Five businesses are located at the HERCC.	Ten businesses are located at the HERCC.	15 businesses are located at HERCC. Three businesses from the region are participating in projects from HERCC.

Activities	Measures		
	2011/12	2012/13	2013/14
<b>Clean Technology</b>			
Establish Clean Tech fund to encourage investment in the region's clean technology sector.	Clean Tech Angel Group established to provide the Clean Tech Fund.  Three business opportunities are presented for investment.	Angel Group investing in Clean Tech with other angel groups nationally.  Five investment deals have been closed.	Angel Group investing in Clean Tech with other angel groups internationally.  Eight investment deals have been closed.
Develop fundable business case for marine energy testing centre.	A business case has been developed and presented to potential funders.	Funding has been secured.	
		Marine testing infrastructure is in place and one ocean energy testing device has been deployed.	A total of three ocean energy testing devices have been deployed.
Attract further businesses to Kapiti CleanTech Centre.	14 businesses/research institutions are located at the Centre.	20 businesses/research institutions are located at the Centre. Expansion plans for Clean Tech centre developed.	26 businesses/research institutions are located at the Centre. Expansion plans being implemented.



Activities	Measures		
	2011/12	2012/13	2013/14
<b>Screen and Digital Technologies</b>			
Establish a co-working space for emerging screen and digital businesses and independent workers.	The co-working space has 15 members.	The co-working space has 30 members.	The co-working space is financially sustainable (does not require Grow Wellington financial support).
Continue to deliver the AnimFX event to facilitate learnings about trends in the rapidly changing digital media industry, and connect local businesses with leading national and international industry executives.	65% of AnimFX attendee respondents feel AnimFX is an event likely to result in mid-term business outcomes for them.	70% of AnimFX attendee respondents feel AnimFX is an event likely to result in mid-term business outcomes for them.	75% of AnimFX attendee respondents feel AnimFX is an event likely to result in mid-term business outcomes for them.
Assist with the development of a funding proposal for a School of Computer Graphics at Victoria University.	The funding proposal for the School of Graphics has been agreed.	An undergraduate feeder programme is operational.	A postgraduate programme is operational.
Develop a strategy for the retention/increase of international television activity in the region.	A strategy has been developed.	The strategy has been implemented.	Television production revenues are equivalent to 2011/12.

## Support for Priority Sectors

'Priority sectors' are those which have the potential for significant growth, particularly export growth. Grow Wellington has identified five priority sectors: film, food and beverage, primary, manufacturing and education.

### WRS Outcome Contribution

In supporting priority sectors, Grow Wellington will be contributing to the delivery of the following WRS outcomes in several key ways, including - growing and retaining existing businesses; attracting export businesses; providing market access support; attracting investment; increasing labour market participation and productivity; and growing the regional skills base.

### Goals and Activities for Priority Sectors\*

#### Primary

##### *Irrigation*

Through developing a water harvesting and irrigation scheme with the Wairarapa Regional Irrigation Trust, the goal is to achieve an estimated net gain of \$525m in GDP and 8800 jobs over 25 years.

##### Activities:

- *Assist development of the irrigation project. Support Wairarapa Regional Irrigation Trust (WRIT) and connection with Greater Wellington Regional Council (GWRC).*
- *Identify projects that are made feasible with the introduction of irrigated production - the development of the irrigation project must be connected to additional activities to ensure the economic potential is maximised through increased exports.*

##### *Wood*

Grow Wellington's goal is to facilitate investment in processing sector projects to add value to the raw wood, and take advantage of the projected increase in wood flow from the region. The facilitation is limited by the willingness and desire of the industry to be part of an appropriate response. The Grow Wellington approach has been to identify an appropriate project that will bring the industry together.

##### Activities:

- *Deliver an investment memorandum for new investment into the processing sector to potential investors - a valid business case must be developed if there is the possibility of investment in wood processing.*

#### Manufacturing

Through the Optimising Manufacturing Programme, facilitating the placement of graduates into manufacturing businesses to drive process improvement and innovation, the goal is to grow business profitability in the sector by \$4 million in two years.

##### Activities:

- *Ensure the successful completion of Optimising Manufacturing (OM) programme with a full complement of companies - the OM programme will underpin the innovative development of manufacturing companies. It has proven effective, however without expansion it will not maximise export growth in the region.*

## Food and Beverage

Within this sector, Grow Wellington supports industry projects that maximise the region's reputation as the Cuisine Capital of New Zealand. The long term goal is to build a food and beverage environment that stimulates the growth of exports from the region, with \$30 million export revenue generated over 10 years.

### Activities:

- *Implement Wellington Food and Beverage (F&B) sector development projects* - the existing food strategy must be reviewed with industry to ensure ongoing relevance and effectiveness.
- *Further develop the Visa Wellington on a Plate (VWOAP) offering and target international attendees* - VWOAP is the first step in the strategy to develop local producers and then assist their export efforts.
- *Create a governance board* - the governance board will ensure the strategy is industry led and will ensure successful activities such as Le Cordon Bleu and VWOAP are connected to the industry.

## Education

Promoting the region as a destination for international students, the goal is to attract 2500 students in three years and facilitate \$50 million net economic benefit.

### International Students Activities:

- *Consolidating international student marketing plan in China and Vietnam* - the China and Vietnam programmes have been used to develop the best international marketing plan.
- *Scoping other potential markets for international students* - the international marketing must now be rolled out beyond China and Vietnam.
- *Support the Education Sector through the EWI (Education Wellington International) Advisory Board* - the EWI Advisory Board ensures the activities are continued in line with industry needs.

### Online Cultural Exchange and English Language Lessons Activities:

- *Further develop Online Cultural Exchange and English lessons* - this project will prove the region's capability to export local education.

## Film

Wellington is promoted as a screen production destination. Staff provide a film friendly, free support service (including sourcing locations and arranging film permits) for local and international films, TV programmes and commercials. The goal is to facilitate the achievement of \$5 million per annum export revenue for the next three years.

### Activities:

- *Review new film and location permit system for further improvements in order to achieve a fully integrated online application system. Implement improved system* - the permit system is critical to making the region film friendly which enhances our ability to promote and support international approaches.

*\*Note: Because there are other factors contributing to the achievement of these broad economic goals which are outside our direct influence, Grow Wellington has set targets below that are measurable in relation to our own contribution and performance.*



## Priority Sectors - the Next Three Years

Activities	Measures		
	2011/12	2012/13	2013/14
<b>Primary</b>			
<b>Irrigation</b> Assist development of irrigation project. Support Wairarapa Regional Irrigation Trust (WRIT) and connection with GWRC.	Investment and implementation plans have been prepared.	Investment and implementation plans have been delivered.	
Identify projects that are made feasible with the introduction of irrigated production.		Two projects have been scoped.	Two projects have been delivered.
<b>Wood</b> Deliver an investment memorandum for new investment into the processing sector to potential investors.	An investment memorandum has been delivered to potential investors.		Investment has been secured.

Activities	Measures		
	2011/12	2012/13	2013/14
<b>Manufacturing</b>			
Ensure the successful completion of Optimising Manufacturing (OM) programme with full complement of companies.	16 companies in the OM programme.	24 companies in the OM programme.	32 companies have completed the OM programme.
	In the annual client survey, the OM programme participants give an 85% rating of support for initiatives and confirm these initiatives have contributed to increased profitability.	In the annual client survey, the OM programme participants give an 85% rating of support for initiatives and confirm these initiatives have contributed to increased profitability.	

Activities	Measures		
	2011/12	2012/13	2013/14
<b>Food and Beverage</b>			
Implement Wellington Food and Beverage (F&B) sector development projects.	80% of participants in annual client survey are satisfied with Wellington F&B sector development projects.	80% of participants in annual client survey are satisfied with Wellington F&B projects.	80% of participants in annual client survey are satisfied with Wellington F&B projects.
Further develop the Wellington on a Plate (VWOAP) offering and target international attendees.	Initiatives have been developed for targeting VWOAP international attendees.	5% of VWOAP attendees are international.	10% of VWOAP attendees are international.

Activities	Measures		
	2011/12	2012/13	2013/14
<b>Education</b>			
<b>International Students</b>			
Consolidating international student marketing plan in China and Vietnam.	Annual client survey shows that Grow Wellington's activities have supported increased student numbers from these countries.	Annual client survey shows that Grow Wellington's activities have supported increased student numbers from these countries.	Annual client survey shows that Grow Wellington's activities have supported increased student numbers from these countries.
Scoping other potential markets for international students.	1 new market has been scoped.		
Support the Education Sector through the EWI (Education Wellington International) Advisory Board.	85% of EWI members are satisfied in annual client survey with Grow Wellington's services to support international education.	85% of EWI members are satisfied in annual client survey with Grow Wellington's services to support international education.	85% of EWI members are satisfied in annual client survey with Grow Wellington's services to support international education.
	Retain 95% of existing EWI membership base.	Retain 95% of existing EWI membership base	Retain 95% of existing EWI membership base.
<b>Online Cultural Exchange and English Language Lessons</b> Further develop Online Cultural Exchange and English lessons.	20 schools matched and participating in Online Cultural Exchange and English lessons.	40 schools matched and participating in Online Cultural Exchange and English lessons.	100 schools matched and participating in Online Cultural Exchange and English lessons.

Activities	Measures		
	2011/12	2012/13	2013/14
<b>Film</b>			
Review new film and location permit system for further improvements in order to achieve a fully integrated online application system. Implement improved system.	The review has been completed and improvements have been implemented which deliver a fully integrated online application system.		
	The annual client survey shows 85% satisfaction with assistance received from Film Wellington.	The annual client survey shows 90% satisfaction with assistance received.	The annual client survey shows 90% satisfaction with assistance received.
Ongoing review of effectiveness of Film Wellington's awareness campaign marketing activities - website, networking, hosting visitors, trade show attendance.	The awareness campaign has been reviewed and findings have been implemented.		
	600 film industry enquiries have been responded to/managed.	630 film industry enquiries have been responded to/ managed.	660 film industry enquiries have been responded to/ managed.



## Support and Growth of Individual Businesses

Grow Wellington works with companies on an individual basis to connect them with the people, tools and knowledge they need to fulfil their potential. While we provide this support for all businesses that have aspirations to grow, our particular focus is on high growth, export-oriented businesses.

### WRS Outcome Contribution

In supporting the growth of individual businesses, we will be contributing to the delivery of several WRS outcomes. These include – growing and retaining existing businesses; attracting investment; education; increasing labour market productivity and growing the regional skills base.

### Grow Wellington's Goal for Regional Economic Growth

The long term goal for Grow Wellington through its combined business growth programmes, Centres of Excellence, and priority sectors programmes, is to facilitate \$3.5 billion+ net economic benefit in 15 - 20 years.

The following activities have been identified as the most appropriate method to help businesses identify their needs to enhance export growth and then deliver the most appropriate solutions, from within the region's resources, to assist rapid export growth.

#### Business Growth

- *Deliver business support through Business Assessments and Action Plans* - an increased volume for business connections is required to provide maximum support to all export-oriented businesses.
- *Assist businesses to access NZTE training vouchers* - NZTE vouchers provide training support hence are a strong indication of business capability development.
- *Assist businesses to access TechNZ investment funding for research and development* - TechNZ vouchers are a strong indication of business innovation and product development.
- *Assist businesses to connect with the region's support services to facilitate their growth* - sustainable export growth will come from businesses being able to access all the support services in the region, in the most efficient manner.

#### Training and Mentoring

- *Deliver 'Activate Plus' training and mentoring programme to committed start up businesses* - Activate Plus will help entrepreneurs develop their early stage plans providing a "funnel" for future high growth export businesses.
- *Deliver 'Inspire' seminars to inspire individuals and give them the tools to establish and grow a business* – 'Inspire' will provide a cost effective way to deliver business advice to budding entrepreneurs and help them decide whether to commit to a business venture.

#### Capability

- *Develop capability through placing interns within businesses* - people capability is a critical part of high growth businesses. The intern approach is a cost effective option for businesses to pilot innovative projects.

## Innovation

- *Continue annual Bright Ideas regional innovation initiative* - the Bright Ideas was very successful in 2010 and must be further developed in 2011 to establish whether it will provide sustainable high growth business ideas.
- *Build the database of resources available to support the region's innovation community* - the database will prove the level of support from business assistance companies and will show the level of effectiveness of the region's "Innovation Community".

## Incubation (Creative HQ)

- *Develop the region's premium, proven vehicle for accelerated venture success* – Creative HQ provides incubation support for the region's high growth export oriented businesses. It is essential that it is recognised as the proven vehicle in order to accelerate economic growth.
- *Develop residents and alumni who help develop a new high-value economy for the Wellington region* – the role of Creative HQ is to ensure the region's high value businesses receive intense support to accelerate their growth.

## Investment

- *Facilitate business investment through referrals to the Escalator and Angel investment services* - investment is an essential part of business growth at any stage of their lifecycle. The level of investment will show the increasing business growth in the region.

## Broadband

- The role of Grow Wellington is to support the demand of ultra fast broadband once it has been implemented in the region. At this stage it is too early to consider the appropriate projects hence a minimal amount is planned for expenditure in 2011/12. However increased amounts are expected to be invested in the following years.
- It should be noted that Grow Wellington promotes the use of broadband to individual businesses through its Business Growth team. Businesses that will achieve increased export growth through enhanced broadband use are advised appropriately.

## Rugby World Cup 2011

- *Deliver an appropriate event (subject to having a clear list of individuals with specific business interests)* – RWC 2011 provides an opportunity to target business visitors and introduce them to the Wellington business community and sell Wellington as a business destination. The approach will be dependent on the detailed understanding of the attendees. This will be confirmed in mid 2011 and then the appropriate event will be implemented.

## Business Growth - the Next Three Years

Activities	Measures		
	2011/12	2012/13	2013/14
<b>Business Growth</b>			
Deliver business support through Business Assessments and Action Plans.	800 Business Assessments and Action Plans have been completed.	800 Business Assessments and Action Plans have been completed.	800 Business Assessments and Action Plans have been completed.
Assist businesses to access NZTE training vouchers.	Access \$500,000 of training vouchers.	Access \$500,000 of training vouchers.	Access \$500,000 of training vouchers.
Assist businesses to access TechNZ investment funding for research and development.	Access \$1 million in TechNZ investment.	Access \$1.2 million in TechNZ investment.	Access \$1.4 million in TechNZ investment.
Assist businesses to connect with the regions support services to facilitate their growth.	In annual client survey, 80% of respondents are satisfied with the business growth support they have received from Grow Wellington.	In annual client survey, 80% of respondents are satisfied with the business growth support they have received from Grow Wellington.	In annual client survey, 80% of respondents are satisfied with the business growth support they have received from Grow Wellington.
<b>Training and Mentoring</b>			
Deliver 'Activate Plus' training and mentoring programme to committed start up businesses.	Three Activate Plus courses held with eight participants per course.	Three Activate Plus courses held with eight participants per course.	Three Activate Plus courses held with eight participants per course.
Deliver 'Inspire' seminars to inspire individuals and give them the tools to establish and grow a business.	Two Inspire series held, five seminars per series, average 150 attendees per seminar.	Two Inspire series held, Five seminars per series, average 150 attendees per seminar.	Two Inspire series held, five seminars per series, average 150 attendees per seminar.
<b>Capability</b>			
Develop capability through placing interns with business.	40 interns placed with companies.  In annual client survey, 80% of business respondents are satisfied with the capability building support they have received from Grow Wellington through its intern programme.	60 interns placed with companies.  In annual client survey, 80% of business respondents are satisfied with the capability building support they have received from Grow Wellington through its intern programme.	80 interns placed with companies.  In annual client survey, 80% of business respondents are satisfied with the capability building support they have received from Grow Wellington through its intern programme.



Activities	Measures		
	2011/12	2012/13	2013/14
<b>Innovation</b>			
Continue annual Bright Ideas regional innovation initiative.	Grow Wellington has received 800 bright ideas leading to 100 business plans.	Grow Wellington has received 800 bright ideas leading to 100 business plans.	Grow Wellington has received 800 bright ideas leading to 100 business plans.
Build the database of resources available to support the region's innovation community.	The database has 100 "support" businesses which will provide the required resources.	The database has 120 "support" businesses which will provide the required resources.	The database has 140 "support" businesses which will provide the required resources.

Activities	Measures		
	2011/12	2012/13	2013/14
<b>Creative HQ Limited</b>			
Develop the region's premium, proven vehicle for accelerated venture success.	85% client satisfaction (Good or Very Good) as measured in annual survey.  Top three capability nationally (as benchmarked by NZTE).	85% client satisfaction in annual survey.  Top two capability nationally.	85% client satisfaction in annual survey.  Top capability nationally.
Develop residents and alumni who help develop a new high-value economy for the Wellington region.	25 ventures supported.  Eight ventures graduated from the incubator.  59 alumni ventures.  Total economic value generated by Alumni businesses totals \$89m and cumulative lifetime totals \$245m.	25 ventures supported.  Nine ventures graduated from the incubator.  69 alumni ventures.  Total economic value generated by Alumni businesses totals \$131m and cumulative lifetime totals \$376m.	25 ventures supported.  Ten ventures graduated from the incubator.  79 alumni ventures.  Total economic value generated by Alumni businesses totals \$181m and cumulative lifetime totals \$557m.

Activities	Measures		
	2011/12	2012/13	2013/14
<b>Investment</b>			
Facilitate business investment through referrals to the Escalator and Angel investment services.	25 assessments have been completed, 12 deals have been presented and four deals have been closed.	25 assessments have been completed, 12 deals have been presented and four deals have been closed.	25 assessments have been completed, 12 deals have been presented and four deals have been closed.

Activities	Measures		
	2011/12	2012/13	2013/14
<b>Rugby World Cup 2011</b>			
<b>Rugby World Cup 2011</b> Deliver an appropriate event (subject to having a clear list of individuals with specific business interests).	Event has been hosted and follow up contact has been undertaken with attendees once they have returned home.		

## Marketing and Communications

A key objective of Grow Wellington's marketing and communications activity is that businesses know Grow Wellington is **the** place to go for business support. Our activity includes regular updates for key stakeholders about Grow Wellington's work supporting business and export growth.

Activities	Measures		
	2011/12	2012/13	2013/14
Produce appropriate communication collateral and disseminate using all relevant communication tools/channels.	In Grow Wellington's annual survey of clients and stakeholders in the Wellington region, 80% of respondents agree that Grow Wellington is <b>the</b> place to go for business support.	In Grow Wellington's annual survey of clients and stakeholders in the Wellington region, 80% of respondents agree that Grow Wellington is <b>the</b> place to go for business support.	In Grow Wellington's annual survey of clients and stakeholders in the Wellington region, 80% of respondents agree that Grow Wellington is <b>the</b> place to go for business support.



## Finance and Governance

The Grow Wellington Board reports to the Wellington Regional Strategy Committee.



### Statement of the Board's Approach to Governance

In accordance with Sections 57 and 58 of the Local Government Act which sets out directions for the appointment and role of directors of council controlled organisations, the Grow Wellington Board was appointed in accordance with Greater Wellington Regional Council's policy. This policy requires a transparent process for the identification of directors' skills, their appointment and remuneration.

The Board is responsible for the proper direction and control of the company's activities. The Board guides and monitors the business and affairs of Grow Wellington on behalf of the shareholder, the Wellington Regional Strategy Committee to whom it is accountable, within the framework of the mission and objectives set out in this Statement of Intent, being principally to oversee the implementation of the Wellington Regional Strategy.

Recognising its governance responsibilities, the Board has established three sub-committees. The Audit Finance and Risk Committee will monitor financial, project, reputation and organisation risks, ensuring they are appropriately mitigated. The Communications Committee will oversee the profile and public relations needs of Grow Wellington. The Remuneration and Appointments Committee will oversee staff remuneration policies and practices.

The Chief Executive has the delegated responsibility for the day to day management of Grow Wellington and is assisted by staff as required. Grow Wellington may make use of external advisors from time to time.

All Board Directors will comply with the Code of Conduct set out in the New Zealand Institute of Director's Code of Proper Practice for Directors.



The Chair will conduct a formal performance review for each Board Director biennially.

Board members will be supported and encouraged to pursue training and development to enhance their effectiveness on the Board. The Board consists of:

Murray McCaw	Chair; ex-officio all Committees
John Lumsden	Deputy Chair; Chair, Audit Finance & Risk Committee; Remuneration and Appointments Committee
Di McCarthy	Remuneration and Appointments Committee
John McFadzean	Communications Committee
Peter Robertson	Audit Finance and Risk Committee
Rachel Taulelei	Communications Committee

The Board will meet monthly. The Audit Finance and Risk Committee will meet quarterly with further meetings scheduled on an “as needed” basis. The Communications Committee and the Remuneration and Appointments Committee will meet on an “as needed” basis.

The Board will meet six monthly with the Chair of Creative HQ to ensure good governance of the Grow Wellington group is maintained.

### Information Provided to WRS by Grow Wellington

- Annual Statement of Intent, including financials for Grow Wellington parent and Creative HQ Ltd.
- Half-yearly Report – including an unaudited report on financials, presented in the same manner as the Statement of Intent financials.
- Annual Report, including financials for Grow Wellington parent and Creative HQ Ltd.
- Annual Financial Statements and Auditor’s Report, including Grow Wellington parent and Creative HQ Ltd.
- Additional reports and information to WRS Committee as and when required.

### Ratio of consolidated shareholders’ funds to total assets, and the definition of those terms.

Not applicable.

### Procedures to be followed before any member of the group subscribes for, purchases or otherwise acquires shares in any company or other organisation.

Creative HQ Ltd is wholly owned by Grow Wellington Ltd.

Creative HQ Ltd may take equity in Creative HQ resident companies in accordance with the CHQ Equity Model proposal approved at the 24 October 2008 Grow Wellington Board meeting.

### Activities for which the Board seeks compensation from any Local Authority.

None anticipated at this stage.

### The Board’s estimate of the commercial value of the shareholder’s investment in the group and the manner in which, and the times at which, that value is to be reassessed.

Not applicable.

### The Board’s estimate of accumulated profits and capital reserves that is intended to be distributed to the shareholders.

Nil.

## Appendix A - “Community Facilities” and “Community Events”

Grow Wellington may not provide operational or capital expenditure for community facilities or events as defined as:

**“Community facilities”** - activities that provide services, entertainment or education to the public generally. Examples include Te Papa, the Karori Wildlife Sanctuary, libraries, galleries (eg The New Dowse) and the proposed Marine Education Centre.

**“Events”** - activities that are operated for the purposes of entertainment, sport, tourist attraction or cultural/community celebration and are open to the public generally. Examples include festivals, concerts, sporting competitions, movie premieres.

Notwithstanding this, Grow Wellington may facilitate (including providing financial or other support for) activities that are integral to its role of achieving sustainable long-term economic growth in the region defined by the Statement of Intent, including activities that meet the following criteria:

- create or facilitate the success of the region’s Centres of Excellence programme
- assist to attract and retain high value individuals in the region
- facilitate access to international markets for businesses in the region
- boost the innovative and competitive image of the region internationally
- assist to attract investment into the region
- provide an opportunity to grow the skills base in the region

provided that, before Grow Wellington agrees to facilitate and/or sponsor conferences, seminars or symposia, it ensures that such activities meet at least two of the criteria set out above. In addition, Grow Wellington must ensure an appropriate cost/benefit/risk assessment process is completed prior to funding any such activity.



## SOI Prospective Accounting Statement

### Assumptions used in preparation of the prospective accounting statements

1. The prospective financial information contained in this approved Statement of Intent (SOI) is based on assumptions that Grow Wellington Limited reasonably expected to occur.  
  
Actual results are likely to vary from the information presented and these variations may be material.
2. The following financial information consists of the prospective financial statements which the Board approved in December 2010. The Board is responsible for the prospective financial statements presented including the appropriateness of the underlying assumptions and all other required disclosures.
3. Every year Grow Wellington is required to prepare prospective financial statements for the year ahead as well as financial forecasts for the following two years. The Board has no intention of updating the prospective financial statements for the year ahead.
4. The prospective financial statements comply with Financial Reporting Standard No. 42 – Prospective Financial Statements.
5. The following are the key assumptions used in preparing this SOI.
  - There will not be any significant changes in planned service levels.
  - There will be no major changes to key legislation affecting Grow Wellington activities.
  - Asset lives will be in accordance with Grow Wellington's accounting policies.
6. Funding for Grow Wellington from the Greater Wellington Regional Council rates ceases after 30 June 2012. A decision about whether or not the funding will continue will follow a review that will be undertaken before June 2011. The prospective financial statements have been prepared on the basis of continued funding for the years ending 30 June 2013 and 30 June 2014.
7. The Funding Deed with GWRC for the GWRC Rates Funding provides the basis for the development of the prospective financial statements for the year ending 30 June 2012
8. Grow Wellington also receives grants from Government agencies to undertake services on their behalf. It is possible that some of the grant funding contained in the prospective financial statements may not eventuate. If this occurs programmes will be cut back to accommodate for the loss of revenue.



GROW WELLINGTON GROUP

**Prospective Statement of Comprehensive Income – Grow Wellington Group**

	<b>Budget FY 2011 \$,000</b>	<b>Budget FY 2012 \$,000</b>	<b>Estimate FY2013 \$,000</b>	<b>Estimate FY2014 \$,000</b>
<b>Revenue</b>				
GWRC Rates Funding	4,250	4,250	4,500	4,500
Other	1,450	2,257	2,500	2,700
<b>Total Revenue</b>	<b>5,700</b>	<b>6,507</b>	<b>7,000</b>	<b>7,200</b>
<b>Expenditure</b>				
Developing Centres of Excellence	960	922	1,400	1,600
Supporting Priority Sectors	1,940	1,805	1,800	1,800
Support and Growth of Individual Businesses	2,800	3,673	3,600	3,600
Grow Broadband	-	39	200	200
Rugby World Cup 2011	-	68	-	-
<b>Total Expenditure<sup>1</sup></b>	<b>5,700</b>	<b>6,507</b>	<b>7,000</b>	<b>7,200</b>
<b>Profit Before Income Tax</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Income Tax Expense	0	0	0	0
Profit for the Year	0	0	0	0
<b>Other Comprehensive Income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Tax Expense relating to Other Comprehensive Income	0	0	0	0
<b>Other Comprehensive Income Net of Tax</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Comprehensive Income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<sup>1</sup> Depreciation and Amortisation Included	62	72	72	72

**Prospective Statement of Change  
in Equity – Grow Wellington Group**

<b>Retained Earnings</b>	<b>Budget FY 2011</b>	<b>Budget FY 2012</b>	<b>Estimate FY 2013</b>	<b>Estimate FY 2014</b>
	<b>\$,000</b>	<b>\$,000</b>	<b>\$,000</b>	<b>\$,000</b>
Balance at 01 July	57	57	57	57
Total Comprehensive Income	-	-	-	-
<b>Balance at 30 June</b>	<b>57</b>	<b>57</b>	<b>57</b>	<b>57</b>

**Prospective Statement of Financial  
Position – Grow Wellington Group**

	<b>Budget FY 2011</b>	<b>Budget FY 2012</b>	<b>Estimate FY2013</b>	<b>Estimate FY2014</b>
	<b>\$,000</b>	<b>\$,000</b>	<b>\$,000</b>	<b>\$,000</b>
<b>Assets</b>				
<b>Current</b>				
Cash and Cash equivalents	220	230	230	230
Trade and Other receivables	190	195	205	215
Grant Income Due	140	100	100	100
<b>Total Current Assets</b>	<b>550</b>	<b>525</b>	<b>535</b>	<b>545</b>
<b>Non Current</b>				
Property, Plant & Equipment	150	180	220	220
Intangible Assets	16	12	25	15
<b>Total Non-Current Assets</b>	<b>166</b>	<b>192</b>	<b>245</b>	<b>235</b>
<b>Total Assets</b>	<b>716</b>	<b>717</b>	<b>780</b>	<b>780</b>
<b>Liabilities</b>				
<b>Current</b>				
Trade and Other payables	304	315	386	402
GST payments Due	33	33	33	33
CHQ Incubatee Bonds	10	10	10	10
Employee Entitlements	225	233	245	258
EWI (Inc) Trust Funds	67	59	39	10
Revenue in Advance	20	10	10	10
<b>Total Current Assets</b>	<b>659</b>	<b>660</b>	<b>723</b>	<b>723</b>
<b>Total Liabilities</b>	<b>659</b>	<b>660</b>	<b>723</b>	<b>723</b>
<b>Net Assets</b>	<b>57</b>	<b>57</b>	<b>57</b>	<b>57</b>
<b>Equity</b>				
Retained Earnings	57	57	57	57
<b>Total Equity</b>	<b>57</b>	<b>57</b>	<b>57</b>	<b>57</b>



**Prospective Cash Flows – Grow Wellington Group**

	Budget FY 2011	Budget FY 2012	Estimate FY2013	Estimate FY2014
	\$,000	\$,000	\$,000	\$,000
<b>Cash Flows from Operating Activities</b>				
<b>Inflows</b>				
GWRC Contributions	4,238	4,240	4,495	4,495
Grant Revenue	1,032	1,732	1,880	2,080
Other Revenue	400	547	590	581
Cash Inflows from Operating Activities	5,670	6,519	6,965	7,156
<b>Outflows</b>				
Payments to Suppliers and Employees	5,636	6,483	6,912	7,166
GST Net	6	0	0	0
Cash Outflows from Operating Activities	5,642	6,483	6,912	7,166
<b>Net Cash Flows From (Used in) Operating Activities</b>	<b>28</b>	<b>36</b>	<b>53</b>	<b>(10)</b>
<b>Cash Flows from Investing Activities</b>				
<b>Inflows</b>				
Gain on sale of property, plant and equipment	0	0	0	0
<b>Outflows</b>				
Purchase of property, plant and equipment	32	26	53	(10)
<b>Net Cash Flows From (Used in) Investing Activities</b>	<b>(32)</b>	<b>26</b>	<b>53</b>	<b>10</b>
Net increase/(decrease) in cash and cash equivalents	(4)	10	0	0
Cash and Cash Equivalents at beginning of year	224	220	230	230
Cash and Cash Equivalents at end of year	220	230	230	230

**GROW WELLINGTON PARENT**  
**Prospective Statement of Comprehensive**  
**Income – Grow Wellington Parent**

	<b>Budget</b>	<b>Budget</b>	<b>Estimate</b>	<b>Estimate</b>
	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY2013</b>	<b>FY2014</b>
<b>Revenue</b>	<b>\$,000</b>	<b>\$,000</b>	<b>\$,000</b>	<b>\$,000</b>
GWRC Rates Funding	3,424	3,424	3,674	3,674
Other	758	1,457	1,700	1,900
<b>Total Revenue</b>	<b>4,182</b>	<b>4,881</b>	<b>5,374</b>	<b>5,574</b>
<b>Expenditure</b>				
Developing Centres of Excellence	960	922	1,400	1,600
Supporting Priority Sectors	1,940	1,805	1,800	1,800
Support and Growth of Individual Businesses	1,282	2,047	1,974	1,974
Grow Broadband	-	39	200	200
Rugby World Cup 2011	-	68	-	-
<b>Total Expenditure</b> <sup>1</sup>	<b>4,182</b>	<b>4,881</b>	<b>5,374</b>	<b>5,574</b>
<b>Profit Before Income Tax</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Income Tax Expense	0	0	0	0
Profit for the Year	0	0	0	0
<b>Other Comprehensive Income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Tax Expense relating to Other Comprehensive Income	0	0	0	0
<b>Other Comprehensive Income Net of Tax</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Comprehensive Income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<sup>1</sup> Depreciation and Amortisation Included	62	72	72	72

**Prospective Statement of Change  
in Equity – Grow Wellington  
Parent**

<b>Retained Earnings</b>	<b>Budget FY 2011 \$,000</b>	<b>Budget FY 2012 \$,000</b>	<b>Estimate FY 2013 \$,000</b>	<b>Estimate FY 2014 \$,000</b>
Balance at 01 July	57	57	57	57
Total Comprehensive Income	-	-	-	-
<b>Balance at 30 June</b>	<b>57</b>	<b>57</b>	<b>57</b>	<b>57</b>



**Prospective Statement of Financial**

**Position – Grow Wellington Parent**

	<b>Budget FY 2011 \$,000</b>	<b>Budget FY 2012 \$,000</b>	<b>Estimate FY2013 \$,000</b>	<b>Estimate FY2014 \$,000</b>
<b>Assets</b>				
<b>Current</b>				
Cash and Cash equivalents	170	170	160	150
Trade and Other receivables	185	190	200	210
Grant Income due	140	100	100	100
<b>Total Current Assets</b>	<b>495</b>	<b>460</b>	<b>460</b>	<b>460</b>
<b>Non Current</b>				
Property, Plant & Equipment	150	180	220	220
Intangible Assets	16	12	25	15
<b>Total Non-Current Assets</b>	<b>166</b>	<b>192</b>	<b>245</b>	<b>235</b>
<b>Total Assets</b>	<b>661</b>	<b>652</b>	<b>705</b>	<b>695</b>
<b>Liabilities</b>				
<b>Current</b>				
Trade and Other payables	279	280	341	347
GST payments due	28	28	28	28
CHQ Incubatee Bonds	-	-	-	-
Employee Entitlements	210	218	230	243
EWI (Inc) Trust Funds	67	59	39	10
Revenue in Advance	20	10	10	10
<b>Total Current Assets</b>	<b>604</b>	<b>595</b>	<b>648</b>	<b>638</b>
<b>Total Liabilities</b>	<b>604</b>	<b>595</b>	<b>648</b>	<b>638</b>
<b>Net Assets</b>	<b>57</b>	<b>57</b>	<b>57</b>	<b>57</b>
<b>Equity</b>				
Retained Earnings	57	57	57	57
<b>Total Equity</b>	<b>57</b>	<b>57</b>	<b>57</b>	<b>57</b>

**Prospective Cash Flows – Grow Wellington Parent**

	<b>Budget FY 2011 \$,000</b>	<b>Budget FY 2012 \$,000</b>	<b>Estimate FY2013 \$,000</b>	<b>Estimate FY2014 \$,000</b>
<b>Cash Flows from Operating Activities</b>				
<b>Inflows</b>				
GWRC Contributions	3,417	3,419	3,674	3,674
Grant Revenue	432	1,132	1,280	1,480
Other Revenue	308	347	390	381
Cash Inflows from Operating Activities	4,157	4,898	5,344	5,535
<b>Outflows</b>				
Payments to Suppliers and Employees	4,168	4,872	5,301	5,555
GST Net	11	-	-	-
Cash Outflows from Operating Activities	4,179	4,872	5,301	5,555
<b>Net Cash Flows from (used in) Operating Activities</b>	<b>(22)</b>	<b>26</b>	<b>43</b>	<b>(20)</b>
<b>Cash Flows from Investing Activities</b>				
<b>Inflows</b>				
Gain on sale of property, plant and equipment	-	-	-	-
<b>Outflows</b>				
Purchase of property, plant and equipment	32	26	53	(10)
<b>Net Cash Flows from (used in) Investing Activities</b>	<b>(32)</b>	<b>26</b>	<b>53</b>	<b>(10)</b>
Net increase/(decrease) in cash and cash equivalents	(54)	-	(10)	(10)
Cash and Cash Equivalents at beginning of year	224	170	170	160
Cash and Cash Equivalents at End of Year	170	170	160	150

## Accounting Policies

Any accounting policies adopted in the prospective financial statements in this statement of intent (SOI) that have a significant effect on results and financial position disclosed, are set out below:

### Reporting Entity

The prospective financial statements presented are for the Grow Wellington Limited group which includes the wholly owned subsidiary Creative HQ Limited.

The Companies are incorporated in New Zealand under the Companies ACT 1993. Both are domiciled in New Zealand and operate from Wellington. Grow Wellington Limited is owned by the Greater Wellington Regional Council and is a Council Controlled Organisation as defined under section 6 of the Local Government Act 2002.

The main purpose of the prospective financial statements in the SOI is to provide our owners, stakeholders and readers with information about the expected costs of the activities we undertake as designated by the Wellington Regional Strategy. The information in these statements may not be appropriate for purposes other than those described.

For the purposes of reporting Grow Wellington Limited and Creative HQ Limited are designated public benefit entities.

### Basis of Preparation

The prospective financial statements are presented in New Zealand dollars, rounded to the nearest thousand and have been prepared on an historic cost basis.

The accounting policies set out below have been applied consistently to all periods presented in these prospective financial statements.

The Company qualifies for Differential Reporting exemptions as it has no public accountability, and is not large. All available reporting exemptions allowed under the Framework for Differential Reporting have been adopted except for NZ IAS 7 - Cash Flow Statements.

### Significant Accounting Policies

- a) Revenue Recognition  
The Greater Wellington Regional Council contributions in the Statement of Comprehensive Income are recognised as revenue on entitlement as conditions pertaining to expenditure have been fulfilled.

Other revenue includes grants which are recognised on entitlement as conditions pertaining to eligible expenditure and milestones achieved.

- b) Property, Plant and Equipment  
Costs include expenditure that is directly attributable to the acquisition.

The cost of replacing part of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that the future economic benefits or service potential will flow to the company and the cost of the item can be measured reliably.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposal are included in the statement of comprehensive income.

- c) Depreciation  
Depreciation is charged on a straight line basis on all property, plant and equipment other than land over the estimated useful life. Depreciation is charged to the statement of comprehensive income.

The useful lives and associated depreciation rates have been estimated as follows:

Computer Hardware	2-3 years
Equipment	2-8 years
Furniture	4-10 years

d) Intangible Assets

Intangible assets that are acquired, which have a finite useful life, are measured at cost less accumulated amortisation and accumulated impairment losses. The useful lives and associated amortisation rates have been estimated as follows:

Computer software	1-3 years
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Amortisation is recognised in the statement of comprehensive income on a straight line basis over the estimated useful lives of intangible assets.

Acquired software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. The costs associated with maintaining computer software are recognised as an expense when incurred.

e) Impairment

All assets are reviewed annually for internal and external factors that may indicate that the service potential of the asset may be impaired. Impairment losses are recognised in the statement of comprehensive income.

f) Trade and Other Payables

Trade and other payables are stated at amortised cost.

g) Employee Benefits

*Short-term benefits*

Employee benefits that the Company expects to be settled within 12 months of balance date are measured at nominated value based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, expected to be settled in 12 months and sick leave.

The Company recognises a liability for sick leave to the extent that the compensated absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date; to the extent the Company anticipates it will be used by staff to cover those future absences.

The Company recognises a liability and an expense for bonuses where they are contractually obligated or where there is a past practice that has created a constructive obligation.

h) Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

i) Trade and other Receivables

Trade and other receivables are treated at their cost less impairment losses. A provision for impairment is established where there is objective evidence that the Company will not be able to collect all amounts according to the original terms of receivable. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flow discounted using effective interest method. Receivables with a short duration are not discounted.



j) Financial Instruments

Financial instruments are initially measured at fair value plus transaction costs. Subsequent to initial recognition, these instruments are measured as set out below:

Non-Derivative Financial Instruments comprise investment in equity, trade and other receivables, cash and cash equivalents, and trade and other payables. Non-derivative financial liabilities are recognised at amortised costs using the effective interest method.

The company does not have any derivative instruments.

k) Income Tax

Any income tax expense recognised in the statement of comprehensive income is the estimated income tax payable in the current year, adjusted to any difference between the estimated and actual income tax payable in prior periods.

l) GST

All amounts are shown exclusive of GST, except for trade receivables and trade payables that are stated inclusive of GST. When GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

Cash flows are included in the cash flow statement on a net basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, is classified as operating cash flows.

m) Expenses

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Payments made under operating leases are recognised in the statement of comprehensive income on a straight line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total expenses of the lease expense, over the term of the lease.

Finance income comprises interest income that is recognised in the profit or loss. Interest income is recognised as it accrues, using the effective interest method.

## **Creative HQ Limited**

### **Prospective Financial Statements**

#### **Assumptions used in preparation of the prospective financial statements.**

The prospective financial information contained in this approved Statement of Intent (SOI) is based on assumptions that Creative HQ Limited reasonably expected to occur.

Actual results are likely to vary from the information presented and these variations may be material.

The following are the key assumptions used in preparing this SOI.

There will not be any significant changes in planned service levels.

There will be no major changes to key legislation affecting Creative HQ limited's activities.

Creative HQ Limited receives funding from Grow Wellington Limited. Grow Wellington receives funding from the Greater Wellington Regional Council rates. The Grow Wellington funding ceases after 30 June 2012. A decision about whether or not the funding will continue will follow a review that will be undertaken before June 2011. The prospective financial statements have been prepared on the basis of continued funding.

Creative HQ also receives grants from Government agencies to undertake services on their behalf. It is possible that some of the grant funding contained in the prospective financial statements may not eventuate. If this occurs, programmes will be cut back to accommodate for the loss of revenue.

**Prospective Statement of Comprehensive Income**

	<b>FY 2011 Budget \$,000</b>	<b>FY 2012 Budget \$,000</b>	<b>FY 2013 Estimate \$,000</b>	<b>FY 2014 Estimate \$,000</b>
<b>Revenue</b>				
Grow Wellington Funding	826	826	826	826
Other	692	800	800	800
<b>Total Revenue</b>	<b>1,518</b>	<b>1,626</b>	<b>1,626</b>	<b>1,626</b>
<b>Expenditure</b>				
Incubation Services	1,518	1,626	1,626	1,626
<b>Total Expenditure</b>	<b>1,518</b>	<b>1,626</b>	<b>1,626</b>	<b>1,626</b>
<b>Profit Before Income Tax</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Income Tax Expense	0	0	0	0
Profit for the Year	0	0	0	0
<b>Other Comprehensive Income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Tax Expense relating to Other Comprehensive Income	0	0	0	0
<b>Other Comprehensive Income Net of Tax</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Comprehensive Income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Prospective Statement of Change in Equity**

**Retained Earnings**

	<b>FY 2011 Budget \$,000</b>	<b>FY 2012 Budget \$,000</b>	<b>FY 2013 Estimate \$,000</b>	<b>FY 2014 Estimate \$,000</b>
Balance at 01 July	0	0	0	0
Total Comprehensive Income	0	0	0	0
<b>Balance at 30 June</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>



**Prospective Statement of Financial Position**

	<b>FY 2011 Budget \$,000</b>	<b>FY 2012 Budget \$,000</b>	<b>FY 2013 Estimate \$,000</b>	<b>FY 2014 Estimate \$,000</b>
<b>Assets</b>				
<b>Current</b>				
Cash and Cash equivalents	50	60	70	80
Trade and Other receivables	5	5	5	5
Grow Wellington Income Due	0	0	0	0
<b>Total Current Assets</b>	<b>55</b>	<b>65</b>	<b>75</b>	<b>85</b>
<b>Non Current</b>				
Property, Plant & Equipment	0	0	0	0
Intangible Assets	0	0	0	0
<b>Total Non-Current Assets</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Assets</b>	<b>55</b>	<b>65</b>	<b>75</b>	<b>85</b>
<b>Liabilities</b>				
<b>Current</b>				
Trade and Other payables	25	35	45	55
GST payments Due	5	5	5	5
CHQ Incubatee Bonds	10	10	10	10
Employee Entitlements	15	15	15	15
<b>Total Current Liabilities</b>	<b>55</b>	<b>65</b>	<b>75</b>	<b>85</b>
<b>Total Liabilities</b>	<b>55</b>	<b>65</b>	<b>75</b>	<b>85</b>
<b>Net Assets</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Equity</b>				
Retained Earnings	0	0	0	0
<b>Total Equity</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Prospective Cash Flows

	FY 2011 Budget \$,000	FY 2012 Budget \$,000	FY 2013 Estimate \$,000	FY 2014 Estimate \$,000
<b>Cash Flows from Operating Activities</b>				
<b>Inflows</b>				
Grow Wellington Contributions	821	821	821	821
Grant Revenue	600	600	600	600
Other Revenue	92	200	200	200
Cash Inflows from Operating Activities	1,513	1,621	1,621	1,621
<b>Outflows</b>				
Payments to Suppliers and Employees	1,468	1,611	1,611	1,611
GST Net	(5)	0	0	0
Cash Outflows from Operating Activities	1,463	1,611	1,611	1,611
<b>Net Cash Flows From (Used in) Operating Activities</b>	<b>50</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>Cash Flows from Investing Activities</b>				
<b>Inflows</b>				
Gain on sale of property, plant and equipment	0	0	0	0
<b>Outflows</b>				
Purchase of property, plant and equipment	0	0	0	0
<b>Net Cash Flows From (Used in) Investing Activities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Net increase/(decrease) in cash and cash equivalents at beginning of year	50	10	10	10
Cash and Cash Equivalents at beginning of year	0	50	60	70
<b>Cash and Cash Equivalents at End of Year</b>	<b>50</b>	<b>60</b>	<b>70</b>	<b>80</b>

## Accounting Policies

Any accounting policies adopted in the prospective financial statements in this Statement of Intent (SOI) that have a significant effect on results and financial position disclosed, are set out below:

### Reporting Entity

The prospective financial statements presented are for the Creative HQ Limited.

The Company is incorporated in New Zealand under the Companies ACT 1993. It is domiciled in New Zealand and operates from Wellington. Creative HQ Limited is owned by the Grow Wellington Limited which is wholly owned by the Greater Wellington Regional Council and is a Council Controlled Organisation as defined under section 6 of the Local Government Act 2002.

The main purpose of the prospective financial statements in the SOI is to provide our owners, stakeholders and readers with information about the expected costs of the activities we undertake as designated by the Wellington Regional Strategy.

For the purposes of reporting, Creative HQ Limited is designated a public benefit entity.

### Basis of Preparation

The prospective financial statements are presented in New Zealand dollars, rounded to the nearest thousand and have been prepared on an historic cost basis.

The accounting policies set out below have been applied consistently to all periods presented in these prospective financial statements.

### Significant Accounting Policies

a) Revenue Recognition

The Grow Wellington Limited contribution is recognised in the income statement as revenue on entitlement as conditions pertaining to expenditure have been fulfilled.

Grants are recognised on entitlement as conditions pertaining to eligible expenditure and milestones are achieved.

b) Property, Plant and Equipment

Property, plant and equipment are shown at cost, less accumulated depreciation and impairment losses.

Costs include expenditure that is directly attributable to the acquisition.

The cost of replacing part of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that the future economic benefits or service potential will flow to the company and the cost of the item can be measured reliably.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposal are included in the statement of comprehensive income.

c) Depreciation

Depreciation is charged on a straight line basis on all property, plant and equipment other than land over the estimated useful life. Depreciation is charged to the statement of comprehensive income.

The useful lives and associated depreciation rates have been estimated as follows:

Computer Hardware	2-3 years
Equipment	2-8 years
Furniture	4-10 years

d) Intangible Assets

Intangible assets that are acquired, which have a finite useful life, are measured at cost less accumulated amortisation and accumulated impairment losses. The useful lives and associated amortisation rates have been estimated as follows:

Computer software	1-3 years
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Amortisation is recognised in the statement of comprehensive income on a straight line basis over the estimated useful lives of intangible assets.

Acquired software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. The costs associated with maintaining computer software are recognised as an expense when incurred.

e) Impairment

All assets are reviewed annually for internal and external factors that may indicate that the service potential of the asset may be impaired. Impairment losses are recognised in the statement of comprehensive income.

f) Trade and Other Payables

Trade and other payables are stated at amortised cost.

g) Employee Benefits

*Short-term benefits*

Employee benefits that the Company expects to be settled within 12 months of balance date are measured at nominated value based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, expected to be settled in 12 months and sick leave.

The Company recognises a liability for sick leave to the extent that the compensated absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date; to the extent the Company anticipates it will be used by staff to cover those future absences.

The Company recognises a liability and an expense for bonuses where they are contractually obligated or where there is a past practice that has created a constructive obligation.

h) Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.



i) Trade and other Receivables  
Trade and other receivables are treated at their cost less impairment losses. A provision for impairment is established where there is objective evidence that the Company will not be able to collect all amounts according to the original terms of receivable. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flow discounted using effective interest method. Receivables with a short duration are not discounted.

j) Financial Instruments  
Financial instruments are initially measured at fair value plus transaction costs. Subsequent to initial recognition, these instruments are measured as set out below:  
Non-Derivative Financial Instruments comprise investment in equity, trade and other receivables, cash and cash equivalents, and trade and other payables. Non-derivative financial liabilities are recognised at amortised costs using the effective interest method.  
The company does not have any derivative instruments.

k) Income Tax  
Any income tax expense recognised in the statement of comprehensive income is the estimated income tax payable in the current year, adjusted to any difference between the estimated and actual income tax payable in prior periods.

l) GST  
All amounts are shown exclusive of GST, except for trade receivables and trade payables that are stated inclusive of GST. When GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

Cash flows are included in the cash flow statement on a net basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, is classified as operating cash flows.

m) Expenses  
An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Payments made under operating leases are recognised in the statement of comprehensive income on a straight line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total expenses of the lease expense, over the term of the lease.

Finance income comprises interest income that is recognised in the profit or loss. Interest income is recognised as it accrues, using the effective interest method.